



# Seattle City Employees' Retirement System

**Board of Administration Meeting**  
Pacific Building, 720 3<sup>rd</sup> Avenue, Suite 900, Seattle, WA  
(206) 386-1293

## Minutes, Thursday, July 9, 2020

Due to the stay home, stay safe order issued by Governor Inslee, the meeting was held remotely

**Board Members Present:** Teresa Mosqueda (Chair), Robert Harvey, Jr., Judith Blinder, Sherri Crawford, Glen Lee

**SCERS Staff Present:** Jeff Davis, Paige Alderete, Jason Malinowski, Tony Smith, Jill Johnson, Cecelia Chen, Nina Melencio, Mark Schimizza, Avery Lee

**Others Present:** Gavin Parr (MMPL), Gary Smith (City Attorney's Office), George Emerson (CBO)

### Call to Order

Teresa Mosqueda, Chair, called the meeting to order at 10:02 a.m.

### Public Comment

There was no public comment.

### Administrative Consent Agenda

Provided in the Retirement Board Packet were the minutes from the June 11, 2020 Retirement Board regular meeting.

Ratification of Retired Payroll, Office Payroll, and other payments and withdrawals:

The following items represent normal expenses:	
Pension Payroll	\$19,149,815
Office Payroll	332,589*
Admin & Investment Expenses	1,157,290
<b>Total Expenses – June 2020</b>	<b>\$20,639,694</b>

*\*includes estimated benefit costs*

<b>Retirements, Withdrawals, Other Payouts – June 2020</b>			
	<b>Count</b>	<b>Monthly Pension</b>	<b>Lump Sum Distribution</b>
Retirements	20	\$61,384.88	\$792,172.29
Withdrawals	11	n/a	\$210,903.43

**Motion:** Upon motion by Robert Harvey, Jr., seconded by Sherri Crawford, the Board of Administration accepted and approved the Administrative Consent Agenda. The motion passed unanimously (5-0).

### **Final Audit Report – Staff and CliftonLarsonAllen**

Paige Alderete acknowledged and thanked CliftonLarsonAllen, Milliman, and SCERS's staff for their adaptability during the pandemic. There were significant undertakings due to working remotely and the first year producing data from the Pension Administration System (PAS).

Accounting continues to tighten and improve all SCERS's processes, particularly year-end reporting. Member Services staff and the implementation of the PAS has increased consistency. The information technology unit has done a great job with implementing strong controls. The data is better and more transparent. SCERS staff will continue to do more cross trainings.

Brittany Smith and Thomas Rey of CliftonLarsonAllen (CLA) presented SCERS's Final Audit Report for the year ended December 31, 2019.

CLA's responsibility is to express an opinion on the fairness and reasonableness of financial statements. SCERS had an unmodified (clean) audit. This is a testament to all the hard work that went in, particularly in the first year of a new pension system.

It was noted that in the past six years there has been a recommendation on manual benefit payment process due to calculation errors. There were no calculation errors this year due to the implementation of the new Pension Administration System.

**Motion:** Upon motion by Glen Lee, seconded by Sherri Crawford, the Board of Administration accepted the 2019 Year-End Audited Financial Statements as presented by Seattle City Employees' Retirement System Staff and CliftonLarsonAllen, LLP. The motion passed unanimously (5-0).

### **Valuation Study and 2021 Actuarial Contribution Rate (ARC) - Milliman**

Nick Collier and Julie Smith of Milliman presented SCERS's Valuation Study as of January 1, 2020. The key results of the valuation study are that not much has changed since the last valuation. SCERS's portfolio outperformed the assumed rate of return.

The actuarial value of assets as of January 1, 2020 increased by 6% to \$3.04 billion. The funding ratio increased from 68.2% in 2019 to 68.9% in 2020. The total contribution rate decreased from 25.79% to 25.56% to be effective January 1, 2021. The City's contribution decreased from 16.14% to 16.10%.

Valuation components:

- Average annual salary in 2020 is \$86,833 (up from \$82,829 in 2019)
- Active membership increased by 0.6%
- Average monthly benefit increased to \$2,540 (from \$2,421 in 2019)

Current assumptions:

- 7.25% investment return
- 2.75% price inflation
- 3.5% general wage increases
- 0.50% membership growth

The actuarial perspective due to the pandemic will not be affected until next year's valuation study. Milliman assumes that the 2020 investment return will be less than 7.25%.

Milliman is recommending that the City decrease its contribution rate to 16.10% of payroll effective January 2021.

**Motion:** Upon motion by Glen Lee, seconded by Robert Harvey, Jr., the Board of Administration accepted the January 1, 2020 Actuarial Valuation Report as presented by Milliman and set the 2021 Actuarial Contribution Rate (ARC) to 25.56% to be effective January 1, 2021, changing the City's contribution from 16.14% to 16.10%. The motion passed unanimously (5-0).

**Investment Committee Report – June 25, 2020**

Jason Malinowski reported on the June 25, 2020 Investment Committee meeting. There were two items on the agenda. There was a deep dive on the Public Equity asset class and Research Affiliates presented on Value Investing.

**Executive Director Update**

There was no Executive Director update.

**Adjourn Meeting**

The meeting adjourned at 11:15 a.m.